

**MINUTES OF THE  
RETIREMENT AND INDEPENDENT ENTITIES  
APPROPRIATIONS SUBCOMMITTEE**

Room 20 House Building, State Capitol Complex  
January 30, 2014

**MEMBERS PRESENT:** Sen. Todd Weiler, Chair  
Rep. Kraig Powell, Chair  
Sen. Margaret Dayton  
Sen. Karen Mayne  
Rep. Jack R. Draxler  
Rep. Susan Duckworth  
Rep. Steve Eliason  
Rep. Gage Froerer  
Rep. Bradley G. Last  
Rep. Carol Spackman Moss

**MEMBERS ABSENT:** Sen. Curtis S. Bramble  
Sen. Gene Davis  
Sen. Daniel W. Thatcher  
Rep. Lynn N. Hemingway  
Rep. Merrill F. Nelson, Vice Chair

**STAFF PRESENT:** Mr. Brian D. Fay, Fiscal Analyst  
Ms. Angela J. Oh, Economist/Statistician  
Ms. Karen Mitchell, Committee Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

Sen. Weiler called the meeting to order at 7:02 a.m.

**MOTION:** Rep. Powell moved to approve the minutes of the January 27, 2014 meeting. The motion passed unanimously.

**Department of Human Resource Management**

Mr. Brian Fay, Fiscal Analyst, explained that in 2012 the Department of Human Resource Management (DHRM) began collecting Attorney General legal services fees. When the transfer happened, in addition to creating the Internal Service Fund (ISF), there was \$100,000 transfer from the Attorney General's Office that went to the DHRM that is annually transferred back to the Attorney General's Office for this reason.

The recommendation of the Retirement committee is to reduce the rate of the Attorney General's Office legal fees to capture \$320,000, instead of the \$450,000 that had been previously captured. The Analyst recommends they capture the \$453,000, and forfeit \$96,500 from the appropriated side back to the General Fund.

The Analyst recommends that the Internal Service Fund estimated revenue in the base budget revenue be \$11,736,100, with 142 authorised FTE and that the following rates be approved for the HRM: HR & Payroll Services, \$628 per FTE, HR services only \$564 per FTE, and the Attorney General Legal Fee \$24.38 per FTE.

The Analyst stated that DHRM has continually found new ways to increase efficiency and reduce their costs. The amount of money they are lapsing are funds that have been appropriated that they no longer need.

The Analyst recommends, due to the reduction in costs to maintain the systems, that the General Fund for the IT program be reduced by \$118,900 to the total of \$1,000,000 on-going, reducing the non-lapsing authority to \$50,000 from \$350,000, and, for FY2014, reclaiming \$300,000 in non-lapsing money back to the General Fund for one time appropriations.

The Analyst explained that the appropriation for the Teacher's Salary Supplement is not being fully utilized. Of the \$232,000 appropriated, it has continually lapsed over \$100,000 each year.

The Policy appropriation average expenditure is just under \$750,000. Since the base budget request shows an increase, it is receiving more appropriation than it needs to due to the tasks it has been doing. The Analyst recommends a reduction of \$50,900 from the General Fund and then canceling the transfer of \$40,000 to the State Management Liability Program and running those charges directly to the State Management Liability Program.

The State Management Liability Program has a dedicated credit appropriation for statewide training of \$400,000 a year. The Analyst recommends \$200,000 be reclaimed for the FY 2014 to General Fund. It would leave about \$43,800 based from the 2013 closing balance.

The Administration is the biggest item but expenditures for this area are declining. As their service has increased, they have been able to do their job for less money. The base budget request was for \$896,300 which is a 38% increase from FY 2013. Appropriations of an additional \$75,000 last year were given for the passage of the Administrative Law Judge Amendments. The Analysts is recommending a reduction of \$196,000 on-going appropriations from the General Fund.

A total of \$96,500 was appropriated from the General Fund is added to the Internal Service Fund fees that are collected for the Attorney General legal services. The Analyst recommends that the \$96,500 be captured within the fees that are charged to each agency and that the direct appropriation for this program be withdrawn.

The total on-going appropriation reduction for the department is \$478,800. The one-time reclamation of non-lapsing is 500,000; \$200,000 from the statewide management and \$300,000 from the IT.

The Analyst recommendation for operating budget is \$2,605,000 from the General Fund, \$200,000 from dedicated credits for FY2015, and a one-time reduction for FY 2014 of \$500,000 and non-lapsing intent language that would provide \$50,000 in non-lapsing authority for IT and \$50,000 for the Statewide Management Liability Training Program.

Mr. Fay responded to questions from the committee concerning the Teachers Fund. He indicated that any reductions in the sub-committee would stay in the sub-committee.

The committee asked Ms. Debbie Cragun, Executive Director, why the Teachers Fund had been so under utilized. Ms. Cragun stated that the money allocated was for the administration of the program.

Ms. Cragun also responded to the question how much would be saved if the Teachers Fund were moved to the Utah State Office of Education. She said that it would not be a hardship to the Department if the funds were to be transferred.

Ms. Cragun, assisted by Letty Debenham, DHRM Finance Director, listed the core functions of the Department: jurisdiction over the executive branch with the exception of the elected official offices, the Auditor, Treasurer, and Attorney General offices. They reach almost every employee in state government in some way.

The Director provided a handout to the committee titled "DHRM--Strategic Roadmap 2013-2014" and explained it in detail to the committee. Ms. Cragun further stated that they have become very efficient by consolidation.

Ms. Cragun explained the initiatives that had been focused on during the current fiscal year: Strategic Field Offices and Effective Communications. New initiatives they are working on are: project management, planning and goal alignment, admin refocus, and IT prioritization. It is the hope of the Department that the initiatives listed will free up staff time during peak demands.

The committee asked how DHRM partners with other agencies. Ms. Cragun responded that she feels they work well with customer agencies and feels her staff are appreciated and helpful to the agencies.

**MOTION:** Rep. Powell moved to approve 142 FTE and the following rates for the Department of Human Resource Management Internal Service Fund:

1. HR & Payroll Services - \$628 per FTE
2. HR Services Only - \$564 per FTE
3. Attorney General legal fees - \$24.38 per FTE

The motion passed unanimously.

**MOTION:** Rep. Powell moved to approve fiscal year 2015 estimated revenues for the Department of Human Resource Management Internal Service Fund of

\$11,282,600 for Field Services and \$453,500 for Legal Services.  
The motion passed unanimously.

**MOTION:** Rep. Powell moved to approve the fiscal year 2015 operating and capital budget for the Department of Human Resource Management as detailed in House Bill 6 with the following exceptions:

1. A reduction of \$196,300 in General Fund appropriations for Administration
2. A reduction \$60,900 in General Fund appropriations for Policy
3. A reduction of \$102,700 in General Fund appropriations for Teacher Salary Supplement
4. A reduction of \$200,000 in dedicated credits for Statewide Management Liability Training
5. A reduction of \$118,900 in General Fund appropriations for Information Technology

The motion passed unanimously.

**MOTION:** Rep. Powell moved to approve a one-time reduction of \$500,000 in General Fund appropriations for the Department of Human Resource management for fiscal year 2014.  
The motion passed unanimously.

**MOTION:** Rep. Powell moved to approve non-lapsing authority for the Department of Human Resource Management in the following amounts:

1. \$50,000 to be used for Statewide Management Liability Training
2. \$50,000 to be used for Information Technology

The motion passed unanimously.

**MOTION:** Sen. Dayton moved to cancel the meeting scheduled for Friday, January 31, 2014.  
The motion passed unanimously.

**MOTION:** Rep. Eliason moved to adjourn the meeting. The motion passed unanimously.

Sen. Weiler adjourned the meeting at 7:57 a.m.

